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Man named in spy case is former U.S. trade adviser

By James Coates
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Chicago Tribune

WASHINGTON—The man the FBI says was the intermediary between Polish intelligence agents and a California engineer accused of selling them United States missile secrets for $250,000 once was a U.S. government adviser on world trade in computer technology.

The intermediary, William Hugle—codenamed "The Big Man" by the engineer, James Harper—was charged in 1975 with violating Commerce Department regulations by attempting to send computer parts to Poland, according to a Senate investigation last year.

In 1973, according to the Commerce Department, Hugle was appointed to a two-year term on a federal advisory panel on which he served as an expert on issues involving world trade in semiconductors.

Harper's lawyer, William Dougherty, said in an interview in San Francisco, where his client was denied bail Wednesday, that the information his client sold the Poles concerned computer data on U.S. missile warheads, a highly classified transistor-fabrication process developed by the Hewlett Packard Co. and the entire 1981 budget for the Army's Ballistic Missile Defense project at Huntsville, Ala.

One law-enforcement official said Hugle has been brought before the California grand jury investigating the case but invoked his 5th Amendment right against self-incrimination in response to questions. Hugle will be asked more questions at a grand jury session later this week, the official said.

IN 1972, HUGLE was an unsuccessful candidate for the Democratic nomination in California's 12th Congressional District, which includes much of the "Silicon Valley" area south of San Francisco, where many of the nation's computer manufacturers are located. He later headed a major association of computer-chip manufacturers there.

An FBI affidavit made public Monday charged that Hugle accompanied Harper to a meeting in May, 1979, with Polish intelligence agents in Warsaw when arrangements reportedly were made by Harper to sell the information for $250,000.

According to the affidavit, Hugle also put Harper in contact with Polish agents in 1975 when they presented a "shopping list" of U.S. secrets the Poles wanted to buy. The Polish intelligence service, known as the SB, is presumed by American counterintelligence officials to work closely with the Soviet KGB.

FBI spokesman Lane Bonner and Justice Department spokesman John Russell refused to answer questions about whether Hugle was also a target of the investigation of the Silicon Valley spy ring by a federal grand jury in California. Another Justice Department official said, however, that prosecutors expect further arrests in the case.

THE AFFIDAVIT, prepared before Harper's arrest, indicated that the government had speeded up its case after learning that Harper planned another trip abroad during which he could have attempted to dispose of up to 150 pounds of secret documents that the FBI says were still in his possession.

The Harper case is the second major instance in recent years in which Polish intelligence has paid large sums of money for American secrets.

In 1981, the president of the Polish American Machinery Co. [POLAMCO], an export firm owned by the Polish government based in Elk Grove Village, a northwest suburb, was convicted of being a Polish intelligence operative and of paying a California engineer named William Holden Bell $110,000 for information about the radar-proof Stealth bomber.

Officials familiar with both cases said investigators found indications that the same Polish intelligence *apparat* that had recruited Bell as a spy also recruited Harper.

An investigation by the Senate Permanent Investigations Subcommittee found last year that Hugle had previously been charged with violating federal export-licensing rules by attempting to ship several crates of computer microchips to Poland from San Francisco in 1975.

HUGLE'S CASE was cited as an example of lax enforcement procedures in the federal bureaucracy that let valuable technology with applications to weapons programs find its way to the Communist bloc.

Dr. Miles Costick, director of the private Institute for Strategic Trade, testified before

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